

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

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In the Matter of:

THE PETITION OF THE EAST CASEY)
COUNTY WATER DISTRICT FOR) CASE NO. 9245
APPROVAL OF ITS WATER RATES)

O R D E R

On December 16, 1984, the Public Service Commission received a petition from East Casey County Water District ("East Casey") requesting the Commission approve the rates East Casey now charges to its customers. In response to the petition, Commission staff members contacted East Casey officials in an attempt to advise them of the proper information to be filed with the Commission and the correct procedure for filing the information.

The residents of Casey County originally filed with the Commission on July 31, 1969, an application for approval to petition the Casey County Judge/Executive for the establishment of a water district. That approval was given by the Commission in its final Order in Case No. 5203.¹ Furthermore, Casey County residents were directed in the Commission's Order to file with the Commission an application for a certificate of public convenience and necessity after obtaining permission to create a water district by the Casey County Court. On July 24, 1970, East Casey

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The Application of Residents of Casey County for a Preliminary Hearing to Determine the Need for the Formation of the East Casey County Water District, Order dated May 28, 1970.

was established by an Order of the Casey County Judge/Executive, but a certificate was not requested.

East Casey lay dormant approximately 10 years until 1980 when the Casey County Fiscal Court, without a certificate of public convenience and necessity, obtained the funding to construct the system that is presently operating in Casey County. By 1981 the Fiscal Court had entered into a contract with the City of Liberty, Kentucky, to purchase water from the city system, and by the fall of 1981 had begun to furnish and sell water to its customers at the same rate it paid the City of Liberty, plus any necessary expenses that were incurred. On April 20, 1982, the Casey County Fiscal Court and East Casey did by contract transfer ownership of all rights and duties of the water system to East Casey. Following the obtainment of the water system, East Casey established the present rate schedule, but without filing tariffs for or obtaining approval of the same by this Commission.

The original cost of the entire system was approximately \$840,000 and was totally financed by government grants. At the time East Casey commenced operation of the system, the utility received approximately \$3,300 in cash from the Casey County Fiscal Court and assumed all liabilities, including monthly bills. Since that time, East Casey has not maintained adequate operating records as required by the Commission, i.e., information available to customers, such as current rules and regulations, pressure surveys, service interruptions, or financial and statistical information.

On March 20, 1985, an informal conference was held with East Casey officials to discuss the status of the utility. At the conference, Commission staff members outlined the procedures East Casey needed to follow to become a recognized utility. East Casey officials were told to file a tariff, a preliminary revenue and expense statement, a description of the District's boundaries, and a 1984 Annual Report. The Commission has received to date only the tariff and 1984 annual report. A review of the annual report shows that East Casey's present revenues are adequate to meet current operating expenditures and the rates presently in effect are considered to be fair, just and reasonable at this time.

The Commission, after consideration of the petition and evidence of record and being advised, is of the opinion and finds that:

1. The Casey County Fiscal Court should have obtained a certificate of public convenience and necessity from the Commission prior to the construction of the facilities as required by KRS 278.020 and that Commission approval should have been obtained prior to the acquisition by East Casey.

2. East Casey should maintain appropriate financial records in conformance with the Uniform Systems of Accounts for Water Districts as prescribed by this Commission.

3. East Casey should file with the Commission an Annual Report for the calendar year of 1985. Upon receipt of the Annual Report, the Commission will review and may at that time require a Show Cause hearing to be held, depending on the financial condition of East Casey.

4. East Casey should file with the Commission a copy of the as-built plans for its 1981 construction project. East Casey should also file with the Commission a copy of its map or maps of the boundary area to be served by the water district.

5. The rates in the tariff filed by East Casey on May 6, 1985, should be approved until the timely receipt of the 1985 Annual Report, at which time the Commission will determine their reasonableness.

IT IS THEREFORE ORDERED that East Casey shall file with the Commission an application for a certificate of public convenience and necessity and approval of financing for any future construction.

IT IS FURTHER ORDERED that East Casey shall maintain appropriate financial records in conformance with the Uniform System of Accounts for Water Districts as prescribed by this Commission.

IT IS FURTHER ORDERED that East Casey shall timely file with the Commission an Annual Report for the calendar year of 1985.

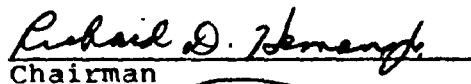
IT IS FURTHER ORDERED that East Casey shall file with the Commission a copy of the as-built plans for its 1981 construction project and a copy of its map or maps of the boundary area to be served by the water district.

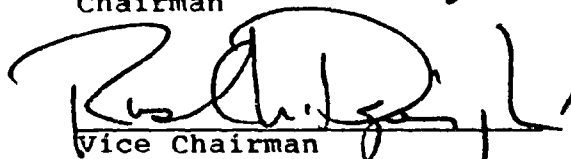
IT IS FURTHER ORDERED that the rates filed by East Casey on May 6, 1985, and set out in Appendix A shall be approved for services rendered subject to the findings herein.

Nothing contained herein shall be construed as a finding of value for any purpose or as a warranty on the Commonwealth of Kentucky or any agency thereof as to the securities authorized herein.

Done at Frankfort, Kentucky, this 18th day of July, 1985.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:

Secretary

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 9245 DATED JULY 18, 1985

The following rates and charges are prescribed for the customers receiving water service from East Casey County Water District. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of this Commission prior to the effective date of this Order.

Rates: Monthly

First 2,000 gallons	\$ 8.00 (Minimum bill)
Next 3,000 gallons	3.80 per 1,000 gallons
Next 5,000 gallons	3.60 per 1,000 gallons
Next 5,000 gallons	3.40 per 1,000 gallons
Next 5,000 gallons	3.20 per 1,000 gallons
Over 20,000 gallons	2.80 per 1,000 gallons